

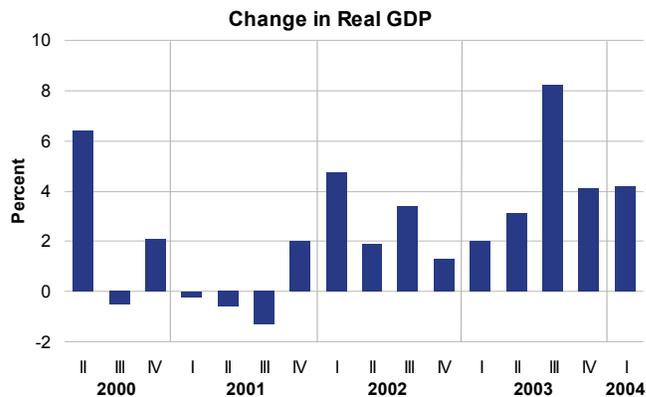


GDP GREW 4.2% IN THE FIRST QUARTER

Advance GDP Estimates

The U.S. economy grew at about the same rate at the beginning of this year as at the end of last year, according to estimates released today by the U.S. Bureau of Economic Analysis. Real disposable income and prices increased more than at the end of 2003.

Gross domestic product (GDP), the most comprehensive measure of U.S. economic activity, increased at an inflation-adjusted annual rate of 4.2 percent in the first quarter of 2004 after increasing 4.1 percent in the fourth quarter of 2003.



Note: The change in real GDP is measured at seasonally adjusted annual rates.

- Consumer spending increased a little more than in the fourth quarter; spending on brokerage services and net spending on foreign travel contributed to the step-up.
- Government spending increased modestly in the first quarter after little change in the fourth; defense spending was the main factor in the increase.
- Exports and imports both increased less than in the fourth quarter, but the slowdown in imports was more marked than the slowdown in exports.

Investment moderated in the first quarter.

- Business investment in equipment and software increased at a double-digit rate for the third quarter in a row, but the increase was somewhat smaller than in the fourth quarter. Investment in structures posted its biggest decrease in more than a year. Inventory investment slowed.
- Residential investment registered its smallest increase in more than 2 years.

Real disposable personal income increased 4.3 percent in the first quarter after increasing 0.5 percent in the fourth.

Prices paid by U.S. residents increased 3.2 percent after increasing 1.3 percent. Excluding food and energy, prices increased 2.3 percent after increasing 1.5 percent.

BEA's data—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and economic data for states, local areas, and industries—are available on its Web site: <www.bea.gov>.

NOTE: Additional information that becomes available in the coming weeks will be incorporated in a revised estimate of first-quarter GDP on May 27, 2004.

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U.S. Department of Commerce